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UNCLAS PRAGUE 001295

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E.O. 12958: N/A

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SUBJECT: CZECH REPUBLIC: REACTION TO USG REPLY TO THE  
BILATERAL INVESTMENT TREATY

REF: A. PRAGUE 1191

[1](#)B. SECSTATE 154823

Econoff delivered on August 24 the USG reply to the Bilateral Investment Treaty (BIT) (reftel B) to Vaclav Rombald, Head of the Legal Section at the Ministry of Finance, and to Vladimir Kotzy, Director of the Bilateral Economic Relations Department at the Ministry of Foreign Affairs. Post has not yet received an official reply. However, Rombald told econoff September 1 that he was not certain whether "clarifications or assurances" vice amending the BIT would be sufficient from the Czech legal point of view, and that this is currently up for internal GOCR discussions. Rombald also expressed his dismay that foreign investors tend to view BITs as an "insurance policy covering their failures in conducting their business activities." Post does not anticipate an official GOCR response until sometime after its BIT progress report to Parliament in October.  
CABANISS